

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of

Connect America Fund

WC Docket No. 10-90

ETC Annual Reports and Certifications

WC Docket No. 14-58

Rural Broadband Experiments

WC Docket No. 14-259

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**PETITION FOR RECONSIDERATION**

Thank you for the opportunity to provide comments on the Connect America Fund II Reverse Auction. The extensive Order and NPFRM offered quite a bit of detail which we all recognize will continue to be refined prior to the auction. Please consider these responses as you diligently work to complete the process:

- Broad Valley Micro Fiber Networks Inc. ("Broad Valley") requests the FCC adopt a rule that any carrier who was a provisional winner in the FCC Rural Broadband experiment should automatically qualify (even without 2 years of ops / 3 years of tax returns / etc.) for participation in the CAF PH II Reverse Auction. Given how thoroughly the vetting was for those funds, all those provisionally selected have already spent the effort and money to prove eligibility. Thus we request this be established as an alternative eligibility path.
- For the detailed auction procedures in the pre-auction process, we have provided recommendations for the weighting and ranking of bids based on the performance requirement commitments. Broad Valley requests that weights be set to ensure that rural locations have access to similar opportunities as urban locations (over the entire 10-year course of this effort). While the FCC's 25/3 broadband definition is absolutely relevant to rural households today, cable companies already offer 100mbps speeds and consumer fiber networks are offering gigabit speeds today. The current timetable allows a minimum of 3 years before service availability is mandated in some of the footprint. We strongly suggest that the Above Baseline tier be scored substantively above the Minimum and Baseline tiers. Note that while there is only one currently available consumer technology for the gigabit tier (fiber to the home), there are several competing consumer technologies in the Above Baseline tier (fiber, co-ax and wireless point to point). We therefore request that the FCC set weights to encourage bidding and competition within the Above Baseline tier as much as is possible and feasible.

Similarly, a low-latency option from a terrestrial network offers substantive consumer benefit over a similar speed, high-latency option. Weighting should recognize and favor low latency (in fairness to rural citizens receiving comparable services to urban citizens). We suggest weights of:

Table 1

|                                  |      |
|----------------------------------|------|
| Low Latency Minimum Tier         | -100 |
| High Latency Minimum Tier        | -200 |
| Low Latency Baseline Tier        | 0    |
| High Latency Baseline Tier       | -100 |
| Low Latency Above Baseline Tier  | 100  |
| High Latency Above Baseline Tier | 0    |
| Low Latency Gigabit Tier         | 150  |
| High Latency Gigabit Tier        | 50   |

In the currently contemplated scoring formula a weight of 100 enables any bid up to the reserve price to beat any bid with a 0 weight. Similarly, any bid of low latency in the same service tier as a bid of high latency should win regardless of the bid amount.

- Given that most of the supported locations are truly unserved today and thus fundamentally different from existing served areas, using Form 477 subscribership data from served/urban locations appears misguided to us. We respectfully request the funding formula be kept as simple and publicly easy to audit as possible. (The CACM cost model requires substantive financial investment from rural carriers to audit, confirm, etc. and even though the source code is available, it therefore remains a black box).
- Requiring rural carriers to borrow more than the outstanding grant amount is an unfair and tremendously onerous approach; particularly for small and medium sized rural carriers, which is the largest segment of potential participants in the auction.

Requiring competitive new entrants to incur high capital costs and incur recurring financing costs for locations that have been recognized as not providing adequate economic incentive to justify private investment, hence the need for ongoing support, places these new competitive entrants at a distinct disadvantage.

To be more direct, for most of these locations that we will be bidding, the ILEC has made the determination that they are not locations of interest. The ILECs had the right of first refusal for the support funding, and in the areas now under consideration, they refused.



While we fully understand the FCC's desire to ensure accountability, such a demand will handicap the opportunity in these remaining areas and restrict participation to the Price-Cap carriers. As an alternative, the FCC should require a letter of credit for the outstanding balance of funds. To clarify our intent, the letter of credit should match the buildout requirements. In years 1 through 2 it should be 100% of distributed funds (thereby setting a maximum of 2x a year's disbursement. In year 3 after certification that 40% of locations have been passed, the letter of credit should drop to 60% of 3 years' disbursement (1.8x). In year 4 after certification of 60%, the letter of credit should drop to 40% of 4 years (1.6x). In year 5, it should drop to 20% of 5 years (1x) and in year 6 after certification that all locations have been passed, there should no longer be a requirement. We understand that our year six example conforms with the intent of the Commission where no Letter of Credit is required once 100% of the locations may receive the performance tier that was bid.

A bank underwriting a bidder conforming to the build schedule demands of the order, would thereby still be required to manage the risk of construction failure, but the bidder would not be burdened by the additional financial costs associated with unnecessary risk management. Otherwise participants will have to fully fund the Federal program. Of course fully funding a project that is being funded due to the recognition that the economics do not provide an adequate return without support funding will be challenging for the newest entrants. This approach could simply relegate this round to a second shot for the ILECs, or relegate it to the auction for the Remote Areas Fund.

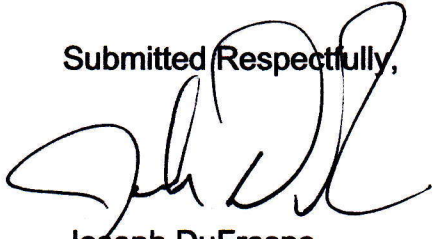
- We support the opportunity for package bidding. It is critical that we have the opportunity to build efficient networks. Efficient networks require that our locations be related based on proximity. In addition to the ability to package census block group bids, we believe that there should be weighting to provide an improved ranking relative to bids that are focused on smaller service areas.

Concerning the locations, we are very concerned about the need to reconcile what the model has cited as the number of locations versus what we, during our "on the ground" detailed review may identify. We believe that we should have the opportunity to provide the FCC with an updated view of the number of locations that we identify after we win the auction. We are a small business and we have limited resources to dedicate to this effort. A time period of at least four months is requested for the submission of any challenge to the number of funded locations in our service area. We would request that the amount of total support be adjusted on a pro rata basis for any changes in locations. If the change in support is a reduction, we would request that we not be subject to any penalties if we provide the necessary support for our lower number of locations in our service territory in the state.

- Regarding voice service, we strongly oppose a stand-alone voice requirement as the only mechanism for voice services in these geographies is a broadband

connection. Broadband connections can enable over the top voice options for consumers, but these should not be a requirement of the carrier to receive support.

Submitted Respectfully,

A handwritten signature in black ink, appearing to read 'JD', is written over the text 'Submitted Respectfully,'.

Joseph DuFresne  
Chief Financial Officer  
Broad Valley Micro Fiber Networks Inc.  
July 20, 2016